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1. **RUMANIA: Rumanians seek US-Soviet participation in industry**--The State Department reports that a Rumanian industrial delegation, which will reach the US shortly, is expected to propose broad US-Soviet-Rumanian cooperation in Rumanian industry. Advance representatives of the Rumanian delegation claim that the Soviets approved the formation of joint US-Soviet-Rumanian companies last September. The delegation will propose the formation of a tripartite company to manufacture trucks and tractors and to be owned 22.5 percent by US interests, 22.5 percent by the USSR, and 55 percent by Rumanian interests. It will suggest similar joint enterprises in other fields and will contend that such enterprises represent Rumania's "only hope" of preserving a degree of economic and industrial independence.
2. **IRAN: Pre-election moves**--US Military Attache Tehran reports that Premier Qavam's new party, "Democrats of Iran," has been launched with "fan-fare," and apparently is designed either to offer direct opposition to the leftist Tudeh Party in the coming elections, or to win over some Tudeh elements. Ambassador Allen reports that Iranian "Moslem leaders (and probably their British patrons)" consider that elections at present might produce a pro-Soviet majority and are accordingly urging postponement of the elections.

Purge of Azerbaijani Democrats--US Consulate Tabriz reports that Democrat leader Pishevari has imprisoned several dissident Azerbaijani leaders and that "a general purge of dissatisfied elements in the Democrat Party is under way."

FAR EAST

3. **PHILIPPINES: US surplus property sales**--High Commissioner McNutt endorses the views of President-elect Roxas that (a) US surplus property sold to China should not include supplies located in the Philippines, and (b) it would be inadvisable to admit Chinese laborers to the Philippines to pack and load material to be shipped to China. McNutt believes that it would be a serious mistake to deny the Filipinos any surplus property that in any way would help to rehabilitate the economy of the Philippines.

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4. **INDO-CHINA:** French distrust of USIS--US Consul Reed reports that, although the French officially insist they have no objection to the presence of a US Information Service unit in Saigon, they are doing nothing to remove obstacles to its establishment and regard it as a cover for espionage activities. Reed feels that the delays in establishing the unit are "unremediable by any appeal to authorities" in Saigon.

THE AMERICAS

5. **ECUADOR:** Ex-Im Bank disapproves loan--The State Department has informed Embassy Quito that the Export-Import Bank Board has acted unfavorably on the requested loan for the Guayaquil water supply project. The Board's decision was based upon Ecuador's entire credit and exchange position rather than upon any arrears in payments, and was not related to the Galapagos air base negotiations.

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